Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6

Top Secret

25X1

USIB

UNITED STATES INTELLIGENCE BOARD

National Intelligence Bulletin

State Dept. review completed

Top Secret

18 December 1974

25X1

25X1

Nº 647

Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6

25X1

Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6

Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6

25X1
Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6

National Intelligence Bulletin

December 18, 1974

CONTENTS

Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6
25X1

25X1
Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6

PORTUGAL

The US embassy in Lisbon reports that a political crisis is brewing over the following issues:

--The long-overdue economic program which is being discussed by the cabinet this week. Prime Minister Goncalves reportedly has rejected the draft as being too conservative.

--Goncalves' unilateral order to arrest 12 businessmen last week.

--Rejection of the draft press law at Communist Party leader Cunhal's request.

--Goncalves' acceptance of Cunhal's demand that the universities be closed.

The controversy over the economic program is the most serious issue in the current estrangement between Goncalves and his cabinet. The draft reportedly has been altered by so many compromises that at present it is more likely to be counterproductive than solve the country's critical economic problems.

25X1

[redacted]

Goncalves' failure to coordinate his decision ordering the arrests has further alienated the cabinet. Foreign Minister Soares told a journalist that no one in the government was notified. There is some evidence, however, that the Communist-dominated Portuguese Democratic Movement knew in advance of Goncalves' decision.

One of the more disturbing elements in this latest power play is Goncalves' apparent alliance with Cunhal over the press law and the student problem. The press law, expected to be completed three months ago, is

25X1
Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6

25X1

Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6

supposed to curb abuses in freedom of the press and would presumably cut back Communist control in the press sector. Portugal's universities, which have been closed since the April coup, were scheduled to open for the fall term, but student unrest, particularly between Maoist and Communist student groups, has delayed their opening.

The evidence now on hand suggests that Goncalves and Cunhal are pitted against Vitor Alves and Ernesto Melo Antunes, both prominent members of the Armed Forces Movement. If this is the case, it marks the first time the Communists have challenged the Movement's authority directly. Cunhal's public statement over the weekend in favor of nationalizing banks may be another indication that the Communists are preparing to shed their moderate image. 25X1

Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6

25X1

25X1

Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6

Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6

25X1

Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6

MEXICO

President Echeverria is said to be reacting calmly to the negative vote by Washington on his UN Charter of Economic Rights and Duties of States. According to a Foreign Ministry official, he is emphasizing his satisfaction over the lopsided vote in favor of his pet international project. Six nations voted against it, ten abstained, and 120 voted for.

Echeverria told newsmen last Friday he believes all countries that voted against the charter will eventually adopt it, "once they understand that the alternative to a new and fair international economic order is war." "Unless a new world economic order is established," he said, "the deep economic differences affecting international relations will turn into political differences."

Foreign Minister Rabasa also seems satisfied with the large positive vote. His victory speech at the UN was moderate in tone. He put his disappointment over the negative votes in terms more of sorrow than of anger.

On a related subject, congressional spokesmen and the government-influenced press have zeroed in on US explanations of the vote. Both Secretary Kissinger and Ambassador Scali have been taken to task, not so much for the "no" vote on the charter as for their statements challenging the "tyranny of the majority" in forums such as the UN.

The Mexican critics have noted the contrast between this argument and what they regard as the "tyranny of the minority" that prevented the sanctions against Cuba from being lifted at the meeting of Latin American foreign ministers last month in Quito. The US, the critics say, succeeded in frustrating majority rule at Quito thanks to a two-thirds voting requirement. They say that Washington, denied this "veto" device by UN General Assembly rules, is now declaring that it will ignore the majority in world forums if decisions go against its particular interests.

25X1

Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6

25X1

National Intelligence Bulletin December 18, 1974

GUATEMALA

President Laugerud's biggest problem in his first six months in office is opposition from his vice president, Mario Sandoval. Sandoval's defiance has caused a split in the National Liberation Movement, the principal party in the governing coalition, and threatens to force a struggle between Laugerud and Sandoval over control of the government.

In the event of a showdown, Laugerud would probably remain in control because he has the support of the army high command--the final political arbiter--but Sandoval is not likely to give up after one defeat.

The dispute, which has been several months in the making, is a result of Sandoval's attempts to increase his power. Sandoval, who is also leader of the National Liberation Movement, has been bitter about Laugerud's refusal to appoint his supporters to key government jobs since the administration assumed power on July 1. In retaliation, he has used his backers in the Congress to block important Laugerud legislation that he regarded as too liberal.

Sandoval gained the vice presidency through his position and influence in the party. [redacted] 25X1

[redacted] 25X1

Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6 25X1

GUYANA

Prime Minister Burnham has announced plans to transform Guyana from a parliamentary democracy into a socialist, one-party state.

At a massive, carefully staged rally marking the tenth anniversary of the governing People's National Congress (PNC), Burnham said a new constitution suited to the needs of Guyana will be drafted next year to replace the present one, which he described as "a replica of the ethics and ideology of former colonial masters." Burnham left little doubt about the future when he said that the "party comes before the government, which is inferior to the party."

Burnham also outlined a rigorous code of conduct for PNC leaders. For some time, he has inveighed against venality and corruption in the party and has indicated his intention to tighten up membership requirements and build up a cadre of disciplined, committed leaders.

Other changes announced by Burnham include the government takeover of all private lands not in productive use; government control of all foreign trade, including the nationalization of the Reynolds bauxite facilities on January 1; abolition of fees at Guyana's only university; and institution of compulsory courses on cooperative socialism in the schools.

The Prime Minister's announcements are certain to arouse the fears of the majority East Indian population that the measures are intended to ensure the political dominance of his minority black-based party. Opposition parties are too weak at this time to offer significant resistance. [redacted]

25X1

Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6 25X1

25X1

Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6

BRAZIL-KUWAIT

Brazil, which is seeking a $1-billion loan package from Kuwait, may become the first Latin American state to attract sizable investment from that country.

The US embassy in Kuwait reports that a number of Brazilian officials are in the country discussing the financing of a variety of projects. Their visit is a follow-up to one made by two Brazilian cabinet officials several weeks ago, which produced agreements on establishment of a Brazilian-Kuwaiti investment company and a $25-million bond issue to be floated in Kuwait. The Kuwaitis so far have been encouraging, and details of the large loan may be worked out in time for the visit of Kuwait's foreign minister to Brasilia early next year.

The Brazilians are particularly anxious to secure petrodollars at a time when the country is encountering balance-of-payments difficulties. Moreover, a successful outcome would give a boost to the Geisel government, which has recently experienced both economic and political setbacks.

25X1

Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6

25X1

25X1
Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6

Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6

Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6

25X1

CANADA

Alberta has announced plans to aid petroleum companies in the province--mostly US firms--that have been hit by higher federal and provincial taxes.

This decision stems from concern over the industry's deteriorating state. In the past several weeks, many companies have announced plans to slash exploration expenditures for 1975. Alberta's hopes for large-scale development of tar sands, as conventional crude oil production declines, have been shaken. Several companies recently announced that they are pulling out because of escalating costs and federal-provincial wrangling over petroleum tax policy, while others are reassessing their position. The profit squeeze from higher taxes already has prompted a sharp cut in drilling activity this year.

Alberta's royalties will be reduced, and money received from Ottawa under new federal tax provisions will be returned to the oil companies. Also early next year the province intends to boost the wellhead price of crude oil, set at $6.50 a barrel since last April.

Ottawa has been adamant in its stand on taxing resource industries. Among the controversial measures included in last month's budget was a provision to eliminate one of the oil companies' major tax breaks. At last week's meeting of federal and provincial ministers, Ottawa held firm to its position, despite attacks by Alberta, British Columbia, and Saskatchewan. [redacted] 25X1

25X1

25X1

Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6

25X1

Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6

Next 3 Page(s) In Document Exempt

Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6

Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6

25X1

Approved For Release 2007/03/08 : CIA-RDP79T00975A027300010002-6